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South Africa - Republic of

Raisin Annual

South Africa Has Largest Raisin Crop in Years

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Report Highlights:

According to the South African Dried Fruit Technical Services representative, weather conditions for raisins were ideal, with rains occurring around the end of December, which damaged some table grapes and diverted them to raisins. Following this, drying conditions were excellent and grape prices for raisins were stronger than for wine production along the Orange River Valley, where raisins are primarily produced. This has led to a record crop in Marketing Year 2012/2013 of 55,600. However, post notes the pace of exports in calendar year 2013, as of June, are slightly behind 2012, meaning South Africa will have to accept lower prices in the second half of the year to meet export goals, or face increased ending stocks at the end of the year.

Executive Summary:

Post forecasts SA raisin production at 45,000 MT for Marketing Year (MY) 2013/2014, beginning January 2014 as the anomalously high production levels of MY 2012/2013 will not occur the following year. According to the South African Dried Fruit Technical Services representative, weather conditions for raisins were ideal, with rains occurring around the end of December, which damaged some table grapes and diverted them to raisins. Following this, drying conditions were excellent and grape prices for raisins were stronger than for wine production along the Orange River Valley, where raisins are primarily produced.

Post forecasts MY 2013/2014 local consumption for raisins at 12,050 MT on available supplies. Post estimates MY 2012/2013 local consumption for raisins to peak at 14,000 MT, due to an abnormally large crop. According to the domestic industry, South African domestic consumption does not typically exceed 12,000 MT, and ranges between 10,000 – 12,000 MT.

Post forecasts 2013/2014 raisin exports at 33,000 MT on increased available supplies from carry-over stocks from the previous marketing year. For MY 2012/2013, post estimates exports to reach 35,000 MT as South Africa sits on one of its largest raisin crops in years. However, post notes the pace of exports in calendar year 2013, as of June, are slightly behind 2012, meaning South Africa will have to accept lower prices in the second half of the year to meet export goals, or face increased ending stocks at the end of the year.

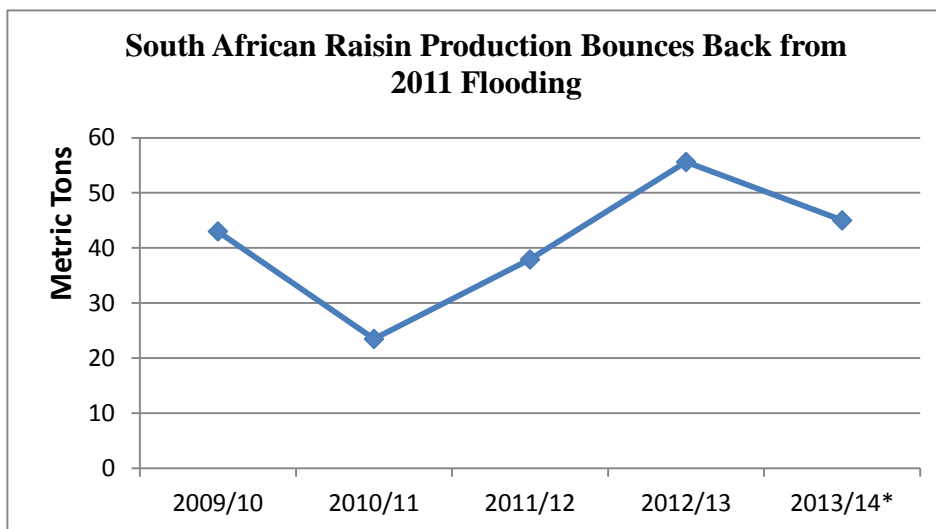
Commodities:

Raisins

Production:

Post forecasts SA raisin production at 45,000 MT for Marketing Year (MY) 2013/2014, beginning January 2014 as the anomalously high production levels of MY 2012/2013 will not occur the following year. Rather, the forecast reflects normal growing conditions and increased planted vines coming into production. For MY 2012/2013, beginning January 2013, post estimates South African raisin production at 55,600 MT based on unusually perfect conditions for raisin production during the growing season. According to the South African Dried Fruit Technical Services representative, weather conditions for raisins were ideal, with rains occurring around the end of December, which damaged some table grapes and diverted them to raisins. Following this, drying conditions were excellent and grape prices for raisins were stronger than for wine production along the Orange River Valley, where raisins are primarily produced.

Figure 2. SA Raisin Production- 2004 – 2011



Source: DFTS

Raisin production area

Area planted:

Post forecasts MY 2013/2014 area planted to grapes for raisins to slightly increase to 12,100 hectares (ha) as prices for raisins are expected to remain stronger than for grapes for wine production. However, the significant increase in production in MY 2012/2013 could dampen prices, and slow the growth in area planted.

Post revised the MY 2012/2013 estimated area planted to 12,000 ha, based on industry estimates. Industry reports the Goldens type as the most produced cultivar at over 25,000 ha, followed by Thompson Seedless, and Sultanias. Historically Thompson Seedless has been the primary raisin type produced in South Africa. As with other sectors of agriculture in South Africa, the cost of production has been of concern to producers, labor costs increased nine percent in 2012.

Policy:

Both local and exporting marketing of raisins is free from government intervention; however in case of exports the Phyto - sanitary requirements and quality standards must be adhered to. Raisins are exported to the United States of America duty free under the AGOA.

Table 1. Tariff Rates, Dried Grapes

Item	CD	Description	Unit	General	EU	EFTA	SADC
0806.20	6	Dried grapes	kg	10%	free	10%	free

Source: SCHEDULE 1 - Customs & Excise Tariff

Globally, food safety and lowering of chemical residue on fruit is under spotlight and the South African dried fruit industry is constantly on the lookout for alternative methods to manage pests and diseases.

Consumption

Post forecasts MY 2013/2014 local consumption for raisins at 12,050 MT on available supplies. Post estimates MY 2012/2013 local consumption for raisins to peak at 14,000 MT, due to an abnormally large crop. According to the domestic industry, South African domestic consumption does not typically exceed 12,000 MT, and ranges between 10,000 – 12,000 MT. However, the significant size of the crop in MY 2012/2013 and the slower than expected pace of exports suggests domestic consumption will increase, and that there will be carry-over stock into the next year. In the past several years, there have been no ending stocks of raisins in South Africa.

The baking industry is still the largest consumer of raisins in South Africa for products like biscuits; cake; buns that are consumed during festive times like Christmas, Easter and Ramadan seasons. Sweet sultana are ideal for baking while the golden-yellow sultana is sweet-sour and well suited to salads and cooking. Raisins are widely consumed as snacks, and it is foreseen that their demand will continue to improve as the trend indicates that consumers' preferences are moving towards healthier and natural choices.

The flow of the local marketing chain is: from the producer (farmer) to the secondary processors then to retail and finally to the consumer. The price of locally sold raisins varies according to the size of the crop and quality. Producers and processors negotiate with each other on price for example if the crop is small, the price would be higher due to low supply. Raisins are graded as either industrial grade which is sold locally through the secondary processor or directly to the retail or as superior grade which is exported.

Table 2. Historical price trends: Raisins Producer Prices

Raisins type	2009 (Rand/ton)	2010 (Rand/ton)	2011 (Rand/ton)	2012 (Rand/ton)
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Golden	17,000	12,700	19,300	19,800
Thompson seedless	11,500	10,400	13,000	14,100
Other Raisins	11,500	8,800	16,000	16,200
Average	13,333	10,633	16,100	15,500

Source: DFPT

The 2012 prices closely resemble the 2011 prices, were stronger than for wine production along the Orange River Valley, where raisins are primarily produced.

Stocks

South African maximum raisins stock levels are usually zero. However, the large crop in MY 2012/2013 suggest there will be carry-over stock into the next year. Post estimates ending stocks in MY 2012/2013 to be 6,650 MT.

Trade

There are eight countries competing for the world Raisin Market and these countries are: Australia, Chile, Greece, Iran, Mexico, South Africa, Turkey, and the United States. In the Southern hemisphere (Argentina, Chile and South Africa), fruit is harvested in February – March, with new product coming to market in late April or May. Greece, Turkey and the U.S. harvest crops in late August and September, with availability in the early fall.

Imports

South Africa is a minor importer of raisins as it produces in excess of domestic demand. Imports have come historically from the US and Turkey to fill any gaps in the marketing year. Raisin imports fell sharply after the 2010 floods, are expected to fall as South Africa currently stands on its largest raisin crop in years.

Table 3. South Africa: Raisin Import Statistics

South Africa Import Statistics Commodity: 080620, Grapes, Dried Year Ending: December				
Partner country	Unit	Quantity		
		2010	2011	2012
US	MT	500	0	20
Turkey	MT	355	244	15
Other not listed	MT	10	20	101
Grand total	MT	865	264	136

Source: GTA

Exports

Post forecasts 2013/2014 raisin exports at 33,000 MT on increased available supplies from carry-over stocks from the previous marketing year. For MY 2012/2013, post estimates exports to reach 35,000 MT as South Africa sits on one of its largest raisin crops in years. However, post notes the pace of exports in calendar year 2013, as of June, are slightly behind 2012, meaning South Africa will have to accept lower prices in the second half of the year to meet export goals, or face increased ending stocks at the end of the year.

Industry figures (differ slightly from the GTA numbers. Post recognizes this difference and has decided to use GTA figures as it reflects official South African Customs data.

The 2012 industry report shows that Europe holds the biggest market share for South African raisins at nearly 40 percent, followed by North America, Canada, and markets in the Middle East. South Africa has preferential trading agreements (PTAs) with the EU, EFTA countries and the AGOA with the US for fresh and dried table grapes. The US market under the AGOA significantly lowers the tariff barriers for South African dried grapes while South African exports of dried grapes face a higher tariff in Algeria (30 percent).

Table 4. South African: Raisin export statistics

South Africa Export Statistics Commodity: 080620, Grapes, Dried Year Ending: December				
Partner country	Unit	Quantity		
		2010	2011	2012
Canada	MT	11,400	3,422	3,880
Netherlands	MT	2,879	2,477	3,010
France	MT	2,581	1,824	2,356
United Kingdom	MT	2,684	1,419	1,326
Algeria	MT	3,811	963	3,316
United States	MT	5,575	762	804
Other not listed	MT	11,311	6,000	10,070
Grand total	MT	40,241	16,803	24,763

Source: GTA

Table 5. Production, Supply and Demand Table

Raisins Africa	South	2011/2012	2012/2013	2013/2014
		Market Year Begin: Jan 2012	Market Year Begin: Jan 2013	Market Year Begin: Jan 2014

	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	0	11,200	0	12,000		12,100	(HA)
Area Harvested	0	9,900	0	11,200		11,500	(HA)
Beginning Stocks	800	0	0	0		6,650	(MT)
Production	27,000	37,900	30,000	55,600		45,000	(MT)
Imports	100	136	100	50		50	(MT)
Total Supply	27,900	38,036	30,500	55,650		45,050	(MT)
Exports	22,000	24,763	25,000	35,000		33,000	(MT)
Domestic Consumption	5,500	13,273	5,000	14,000		12,050	(MT)
Ending Stocks	400	0	0	6,650		0	(MT)
Total Distribution	27,900	38,036	30,500	55,650		45,050	(MT)
TS=TD		0		0		0	